

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2196

Title: Creative Enterprise Zones Programme 2017-2021

Executive Summary:

The Mayor has made culture one of his top priorities. He is dedicated to ensuring that London retains its status as the world's leading capital for culture and creativity, and that this fast-growing sector of the economy is supported across the city. The Creative Enterprise Zones (CEZ) programme will be a first, and a leading project in the UK: a brand new Mayoral initiative to ensure artists and small creative businesses can thrive in London, supporting the long-term provision of affordable workspace, enabling vital business support, and developing skills and enterprise to create jobs for local areas. The Mayor will work with London boroughs and local stakeholders to identify Zones in emerging and existing creative clusters that will enhance the local economy and communities, providing facilities and workspace for the creative industries. The Programme will deliver:

- One Pathfinder research development grant to help shape CEZ design (completed);
- Ten subsequent Development Grants to enable London Boroughs to assess the feasibility of developing CEZs and to develop proposed Action Plans;
- The GLA will subsequently select and fund up to three CEZs from 2018/19 to 2020/21, including revenue and capital funds, delivered by the London Boroughs;
- One Pathfinder European Social Fund (ESF) funded Skills and Enterprise project from 2018/19 to 2020/21 to inform the design of the CEZ skills and enterprise components;
- One ESF funded Skills and Enterprise project from 2018/19 to 2020/21 in CEZs;
- A CEZ Exchange Forum that will support sharing of learning between those involved in the research and programme.

Decision:

That the Mayor approves the following:

Maximum expenditure of £5,360,000 between 17/18 to 20/21 comprising:

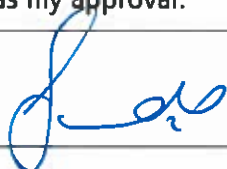
1. Revenue expenditure of £3,560,000 between 2017/18 to 2020/21, which includes:
 - £2,560,000 revenue funding towards the feasibility and development of Creative Enterprise Zones;
 - £1,000,000 for two Enterprise and Skills projects to access European Social Funds that were previously approved under MD1642.
2. £1,000,000 funding from European Social Funds (matching the GLA funding for the two Enterprise and Skills project).
3. Capital expenditure of £800,000 between 2018/19 to 2019/20 towards the provision of affordable workspace, capital infrastructure and the delivery of CEZs.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

27/11/19

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Introduction

- 1.1. The Mayor has committed to maintaining London's position as a leading capital for cultural and creative industries through A City for All Londoners document and the Good Growth Plan.
- 1.2. Creative industries are critical to London's success, contributing £42 billion per year to the UK's economy and providing 1 in every 6 jobs in London.
- 1.3. London faces competition from other cities including Berlin, Lisbon, and Amsterdam who are luring creative businesses with incentives and affordable workspace.
- 1.4. The Creative Enterprise Zones Programme will contribute to supporting London's emerging creative clusters and retaining skilled artists, creative workers, businesses, and talent in the city.

Background

- 1.5. The creative industries sector is the fastest growing part of the economy, but artists and creative businesses are often low paid, face escalating rents and rising business rates. Diminishing affordable workspace is hitting the creative sector particularly hard. A Greater London Authority ('GLA') study showed that London is set to lose 30% of its artists' studio space by 2019.
- 1.6. There are areas of London with emerging and established creative clusters but affordable workspace in these areas is at risk through residential and commercial development. Many of these areas also lack dedicated creative industries business advice which would enable artists and creative businesses to negotiate with property owners and developers, become more financially resilient, and achieve their full potential.
- 1.7. London's future artistic and creative success depends on widening the diversity of the sector and opening access to reflect London's demography. There are very few career pathways that directly support London's young people into creative jobs. CEZs will provide opportunities for local people, making the connection between cluster success and local communities.
- 1.8. CEZs will be designated geographical areas with a package of support including for example, affordable workspace, business rates relief, super-fast broadband, business support, and supply chain development to nurture artists and creative enterprises. These will be achieved by working with London Boroughs, developers, the creative community, and residents. CEZs are not formal Government 'Enterprise Zones'.
- 1.9. In the draft new London Plan, London Boroughs are encouraged to identify CEZs in their Local Plans in areas that have emerging or existing clusters of creative industries; or in areas of identified demand and more deprived areas where there is evidence that the designation of a CEZ will enhance the local economy and provide facilities and workspace for the creative industries.
- 1.10. CEZs will offer a tailored support package for the creative sector by placing culture at the heart of local regeneration strategies and allowing artists, creative producers and businesses to put down roots. They will stimulate local economic growth as well as enabling job creation and improving quality of life for the wider community.
- 1.11. The GLA conducted an internal process to identify options for a Pathfinder CEZ research project and selected the London Borough of Haringey to undertake research to inform the development of the CEZ Programme.
- 1.12. In 2016/17, the Culture & Creative Industries Unit provided a grant to the London Borough of Haringey of £80,000 to undertake baseline research in Tottenham (MD2045). This research has informed the vision and implementation for future CEZs within London from 2017/18 to 2020/21.

2. Objectives and expected outcomes

- 2.1 The Mayor will designate and invest in the development of CEZs to nurture creative enterprise and harness their social and economic value to stimulate local economic growth and job creation. They will place cultural production at the heart of local regeneration strategies, providing affordable studios and workspace and wider support so that creative industries and artists can put down roots and are not priced out by development and increases in property values.
- 2.2 CEZs will offer a package of incentives partly funded by grants from the GLA and partly through incentives offered and leveraged by London Boroughs. Measures will include affordable workspace; business rates relief; supply chain development, business skills, and enterprise and financial incentives; pro-culture planning policies; super-fast broadband and 'look and feel' improvements to the public realm. CEZs will reflect local circumstances and meet the needs of a range of creative businesses - from visual artists to fashion designers to games' developers. CEZs will reflect local priorities. The grant funding offered by the GLA to the London Boroughs will contribute to achieving these objectives.
- 2.3 Outcomes will include:
- 2.3.1 Up to ten CEZ Development Grants in 2017/18 of £50,000 each, approved by the Assistant Director, Culture & Creative Industries in consultation with the Deputy Mayor (without the need for a further decision), to London Boroughs to undertake research and prepare Action Plans to establish CEZs in their Boroughs. London Boroughs will take the lead on ensuring CEZs respond to the specific conditions of their locations and demonstrate leverage;
 - 2.3.2 The ten grants will result in ten Action Plans, plus Haringey's Action Plan from its Pathfinder research, for possible areas where CEZs can be developed. From these, up to three will be selected to access funding to become CEZs and achieve retention of businesses, new start-ups, and increase jobs and skills;
 - 2.3.3 Grant funding of £1,885,000 in total, to London Boroughs, for up to three CEZs to be delivered between 2018/19 to 2020/21, approved through Mayoral Decision (MD);
 - 2.3.4 Grant funding of £1,000,000 to fund two Enterprise and Skills projects, one to be delivered as an Enterprise & Skills Pathfinder pilot and the other to be delivered across other CEZs, from 2018/19 to 2020/21. This GLA match funding will be supplemented by a further £1,000,000 of European Social Fund ('ESF') funding to create a £2,000,000 budget for delivery between 2018/19 to 2020/21. The ESF Delivery Unit within the GLA Regeneration team will be responsible for tendering and entering into grant agreements for the Enterprise & Skills projects. These projects will provide business support and advice to artists and creative businesses and provide skills training to enable progression into and within the creative industries;
 - 2.3.5 Capital expenditure through grant funding of £800,000 between 2018/19 to 2020/21 towards the provision of affordable workspace, capital infrastructure, and the delivery of CEZs;
 - 2.3.6 A CEZ Exchange Forum to promote learning and sharing of knowledge between participants from 2018/19 to 2020/21;
 - 2.3.7 Application and grant management, marketing, monitoring and evaluation, and programme management between 2017/18 to 2020/21.
- 2.4 The GLA approved a budget of £890,000 in 2017/18 for CEZs to contribute towards the first year of operation. In 2017/18 £500,000 of this funding will be used to award ten Development Grants to London Boroughs to undertake research and develop Action Plans to develop CEZs, and £40,000 will contribute towards the Prospectus, Marketing, Evaluation and Exchange Forum.
- 2.5 London Boroughs will be made aware of Development Grant funding via a prospectus which will outline funding criteria and priorities. Applications will be assessed by GLA officers. Completed Action Plans will form the basis for a further funding round to the Mayor of London and three will be chosen and grant funded to develop their CEZs. Action Plans will also identify other sources of

funding and leverage that could be used by London Boroughs which are not selected for further funding.

3. Equality comments

- 3.1 Under Section 149 of the Equality Act 2010, as a public authority, the Mayor of London is subject to public sector equality duty and must have 'due regard' to the need to (i) eliminate unlawful discrimination, harassment and victimisation; (ii) advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and (iii) foster good relations between people who share a relevant protected characteristic and those who do not. Protected characteristics under section 149 of the Equality Act are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status (all except the last being "relevant" protected characteristics).
- 3.2 The proposed CEZ Programme will enable the continued creation of employment opportunities for all Londoners, creating both positive social and economic impact in the capital. The Enterprise and Skills projects set out above actively focus on increasing the provision of employment opportunities for those from lower income backgrounds to enter the creative industries sector. Outputs and outcomes will be monitored through the grant process.
- 3.3 The Culture and Creative Industries Unit will ensure that all partnering organisations have equality policies in place at their organisations and are committed through their funding agreements to proactively apply the principles of the Equality Act 2010, and to regularly refresh their equality and diversity policies and practices.
- 3.4 CEZs will provide opportunities for organisations from a range of cultural and business sectors to engage with each other to work collaboratively and actively foster closer working between a diverse range of both organisations and individuals.

4. Other Considerations

- 4.1 Links to strategies and Mayoral and corporate priorities:
- 4.1.1. In the new London Plan consultation draft, there is a new dedicated policy HC5 'Supporting London's Cultural and Creative Industries' to support CEZs. Boroughs are encouraged to work with the Mayor and relevant stakeholders to identify CEZs in Local Plans in areas that have emerging or existing clusters of creative industries; or in areas of identified demand and more deprived areas where there is evidence that the designation of a CEZ will enhance the local economy and provide facilities and workspace for the creative industries.
- 4.1.2 The proposed policy in the new London Plan aims to develop, enhance, protect and manage new and existing creative workspace providing flexibility for changing business needs and an attractive business environment including related ancillary facilities; support existing and the development of new cultural venues within CEZs; help deliver spaces that are suitable, attractive and affordable for the creative industries, taking into account the particular requirements of established and emerging creative businesses in the CEZ in accordance with Policies E2 'Low-cost business space' and E3 'Affordable Workspace'; encourage the temporary use of vacant buildings and sites for creative workspace and activities; integrate public transport, digital and other infrastructure and service provision such as leisure, sport and community facilities in the establishment and development of the CEZ; support a mix of uses which derive mutual benefits from, and do not compromise, the creative industries and cultural facilities in the CEZ in line with the Agent of Change principle (Policy D12 'Agent of Change'); and contribute to the achievement of wider objectives for the business location e.g. the economic vitality and diversity of a town centre or the intensification of an industrial area.
- 4.1.3 The CEZ Programme outlined in this decision also links to Mayoral strategies and priorities including:

- *Draft Housing Strategy*, which states “the Mayor will support innovation through a flexible approach to supporting different types of affordable homes, recognising that London is a large and diverse city with many ideas for how to address its housing needs. For example, this could include live-work spaces to support London’s small businesses and entrepreneurs, in particular where these can support clusters of creative industries in Creative Enterprise Zones.”

4.1.5 In terms of both social and economic development, CEZs will help the GLA work with businesses and individuals to improve productivity and growth through supporting clusters and small creative businesses in designated areas.

4.2 Main risks and issues

The main risks and issues to the detailed programme activities are set out below:

	Risk description	Mitigation / Risk response	Current probability (1-4)	Current impact (1-4)	RAG	GLA risk owner
1	Financial mismanagement of any funding provided by the GLA to partners involved in the programme activities outline above.	The GLA will enter into the required funding agreements, and payments will only be made on completion of milestones. GLA officers will also monitor performance against targets on an ongoing basis. Applications will be made via the GLA-OPS system which will also be used to manage grants.	1	3	G	Culture & Creative Industries Team
2	Lack of buy-in from London Boroughs for the CEZ Programme.	Findings from the Pathfinder research projects will feed into the development of the CEZs. The GLA has long-standing relationships with London Boroughs, and the development elements of the CEZ Programme which will ensure strategic buy-in for the project at borough level.	1	2	G	Culture & Creative Industries Team

5. Financial comments

5.1 MD2045 approved a grant of £80,000 towards a Pathfinder CEZ. MD2129 approved £890,000 to contribute towards the first year of CEZ operation. This MD seeks approval for the allocation of the £890,000 in MD2129 and continued delivery of the CEZ Programme between 2017/18 to 2020/21.

- 5.2 There will be expenditure of up to £5,360,000 between 2017/18 to 2020/21 on the CEZ Programme which supports and encourages London's creative industries. Of this amount the GLA's contribution is £4,360,000 (of which £1,000,000 is granted to be managed separately by the European Social Fund Delivery Unit). The European Social Fund will also match fund £1,000,000 to the ESF Delivery Unit (see the tables following paragraphs 5.4 and 5.5).
- 5.3 The capital funding element of this decision will be £800,000.
- 5.4 During the 2017/18 budget setting process the CEZ Programme was profiled over a 4-year period (this included a combination of revenue and capital funding). The approval of this decision will result in a reprofile and is shown below with the budget indicative from 2018/19 (subject to any approved changes agreed via the 2018/19 budget process currently underway).

Financial Year	Revenue Expenditure	Capital Expenditure	Total
2017/18	£540,000	-	£540,000
2018/19	£645,000	£400,000	£1,045,000
2019/20	£605,000	£400,000	£1,005,000
2020/21	£770,000	-	£770,000
Total	£2,560,000	£800,000	£3,360,000

- 5.5 The residual £2,000,000 will be used as grant funds to deliver two Enterprise and Skills projects and subsequently managed by the European Social Fund Delivery Unit. £1,000,000 of this was approved as the GLA contribution whilst the remaining £1,000,000 will be matched funded by the European Social Fund (MD1642). This will be profiled as the following:

Financial Year	GLA funding to the European Social Fund	Match Funding (from European Social Fund)
2017/18	-	-
2018/19	£300,000	£300,000
2019/20	£300,000	£300,000
2020/21	£400,000	£400,000
Total	£1,000,000	£1,000,000

6. Legal comments

- 6.1 Sections 1-2 of this report indicate that the decision requested of the Mayor concerns the exercise of the Authority's general powers, to do such things considered to further or which are facilitative of, conducive or incidental to the promotion of economic development and wealth creation, social development or the promotion of the improvement of the environment in Greater London; and in formulating the proposals in respect of which a decision is sought officers have complied with the GLA's related statutory duties to:
- pay due regard to the principle that there should be equality of opportunity for all people; and
 - consult with appropriate bodies.
- 6.2 In taking the decisions requested the Mayor must comply with the Public Sector Equality Duty; which entails having due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons

who do not share it (section 149 of the Equality Act 2010). Protected characteristics under section 149 of the Equality Act 2010 are age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status (all except the last being “relevant” protected characteristics). To this end, the Mayor should have particular regard to section 3 (above) of this report.

6.3 Officers must ensure that:

- 6.3.1 Grant funding to London Boroughs as described in Section 2 is distributed fairly, transparently, in accordance with the GLA’s Public Sector Equality Duty and in a manner which affords value for money in accordance with the Contracts and Funding Code; and
- 6.3.2 Appropriate funding agreements are put in place between and executed by the GLA and the recipient of any funding before any commitment to fund is made.

7. Planned delivery approach and next steps

Activity	Timeline
Launch Competition for 10 Creative Enterprise Zone Development Grants	December 2017
Deadline for Development Grant applications	Early Spring 2018
Announce 10 successful Creative Enterprise Zones Development Grants	Spring 2018
Commence Pathfinder Enterprise and Skills (ESF) Project	Spring 2018
Submission of Development Grant Action Plans	Summer 2018
Announce up to three new Creative Enterprise Zones	Autumn 2018
Commence Enterprise and Skills Projects (ESF) in Creative Enterprise Zones	Winter 2018

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason:

In order to manage public relations in connection with the timing of the announcement of the Creative Enterprise Zones Programme and the London Plan launch.

Until what date: 14 December 2017

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Mhora Samuel has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Jeff Jacobs has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Justine Simons has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 27 November 2017.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

Date

TOM MIDDLETON ON BEHALF OF MARTIN CLARKE 27.11.17

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

Date

D. Bellamy

27/11/2017